



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Joanne Sturges, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

All Department/District Heads

At its meeting held December 21, 1998, the Board took the following action:

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The following item was called up for consideration:

The Director of Public Social Services' joint recommendation with the Chief Information Officer to approve and instruct the Chairman to sign amendment to agreement with Unisys Corporation, upon receipt of Federal and State approval, to increase contract amount by \$52,781,062 for a revised total contract amount of \$149,584,517, to complete the following for the implementation and ongoing operation of the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting System (LEADER), to automate administration of the welfare programs in the County; also approve an increase of \$1 million in the Director of Public Social Services' authority to approve additional expenditures over the term of the agreement for a total amount not to exceed \$1.5 million, for tasks such as modification and testing of the LEADER Application Software to accommodate increased regulatory and/or welfare reform changes mandated by Federal and State governments or the courts; and authorize the Director of Public Social Services to further extend the initial term of the agreement for up to three months at a cost not to exceed \$2.5 million per month for an aggregate amount not to exceed \$7.5 million, to provide for additional acceptance testing as needed; also instruct the Chief Administrative Officer, to form a Cost Reduction Oversight Group composed of the Department of Public Social Services, County Counsel, Auditor-Controller and other appropriate County representatives, to be Chaired by the Chief Administrative Officer, to systematically review the remaining contract requirements to identify opportunities to reduce overall costs to the County through a reduction in contract scope without compromise to the quality of performance or the efficacy of the LEADER system and to report quarterly to the Board on all findings:

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Modification and testing of the LEADER Application Software for Welfare Reform;

Modification and testing of the LEADER Application Software for the County's Bank Interface Re-design;

Provision of a Single Index for LEADER and the legacy systems;

Expansion of the LEADER telecommunications network to include certain additional Department of Public Social Services, Department of Health Services and other local office sites and users;

Report from the Director of Health Services and the Chief Information Officer on the Automated Materials Management System's (AMMS) contract with Unisys, as requested by Supervisor Molina at the meeting of December 8, 1998; and

Recommendation as submitted by Supervisor Molina: Instruct the Chief Information Officer to take an active role with the Director of Public Social Services in managing the LEADER contract and report progress to the Board quarterly.

Larry Russell, President of Unisys Corporation, Allan Pepper and Jeff Burkin, Outside Counsel for Unisys Corporation, Lynn W. Bayer, Director of Public Social Services, Mary Wawro, Senior Assistant County Counsel, and Jon Fullinwider, Chief Information Officer, addressed the Board.

After discussion, on motion of Supervisor Molina, seconded by Supervisor Yaroslavsky, unanimously carried, the Board instructed the Chief Information Officer and the Director of Public Social Services to amend Paragraph 40.0 (Notice of Delays) within Agreement Number 68587 with Unisys Corporation to shorten the time intervals and increase the scope of notice to involve the Board more quickly and on a broader range of issues.

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After further discussion, Supervisor Yaroslavsky made the following statement:

"I cannot accept the existing change order for the LEADER welfare system, as proposed by the Chief Information Officer (CIO) and the Director of Public Social Services. Unisys originally provided the lowest bid in 1995 for the amount of \$86 million. The contract requires amendment to complete changes necessary under welfare reform, and Unisys now asserts that it substantially underbid the project and that additional funding is necessary to complete. However, numerous opportunities to reduce the cost of the project were not evaluated or pursued by the Chief Information Officer and Director of Public Social Services. These cost reductions should be pursued. In light of this, the Board should not approve this change order unless its costs are reduced."

Therefore, Supervisor Yaroslavsky made a motion, seconded by Supervisor Knabe, that the Board adopt the following changes to the Director of Public Social Services' attached joint recommendations with the Chief Information Officer:

- a. Under Recommendation No. 1 - Subtract the net sum of at least \$5 million from the change order cost, representing project savings that the Director of Public Social Services, Chief Information Officer and Unisys Corporation should pursue, that this reduction not be directly or indirectly offset by other contract modifications, and instruct the Director of Public Social Services to execute this change;
- b. Under Recommendation Nos. 2 and 3 - Deny approval of the increase in the Director of Public Social Services' contract amendment authority by an additional \$9 million, so that any additional contract costs require Board approval; and
- c. Under Recommendation No. 4 - Include the Interim Director of Internal Services as a member of the Cost Reduction Oversight Group and include in its mission to specifically evaluate and pursue opportunities to integrate LEADER implementation with existing County services, facilities and contracts, especially those used or provided by the Auditor-Controller, the Internal Services Department (ISD) and the County's telecommunications network infrastructure.

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Supervisor Antonovich made the following statement:

"At full operation, LEADER will save \$84 million annually from our current expenditures. Thus, if we could move full implementation forward from July 1, 2000 to April 1, 2000, we could save \$21 million (\$7 million per month)."

Therefore, Supervisor Antonovich made a suggestion that Supervisor Yaroslavsky's motion be amended to instruct the Director of Public Social Services and the Chief Information Officer to report to the Board by January 29, 1999, on a plan to accelerate implementation of LEADER to the greatest degree possible. Supervisor Yaroslavsky accepted Supervisor Antonovich's amendment.

Supervisor Yaroslavsky's motion, as amended by Supervisor Antonovich, was unanimously carried.

Supervisor Molina made the following statement:

"The County of Los Angeles must take a responsible and systematic approach when entering into technology contracts. Unfortunately, this does not occur when each department issues requests for proposals and enters into contractual agreements without knowledge of a contractor's performance in another department. As a consequence, multimillion dollar contracts are issued without historical context allowing contractors to possibly use this gap to their financial advantage when bidding on information technology contracts. This scenario cannot be allowed to occur."

Therefore, Supervisor Molina made a motion, seconded by Supervisor Knabe, that the Board take the following actions:

- a. Instruct the Chief Information Officer and the Interim Director of Internal Services to create, within the next 60 days, a database to track the performance of all County information technology contractors, with database to include the following:
 - Information on the contractor's winning bid;
 - The dollar amount of the next lowest bid;

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Syn. 24 (Continued)

- The names of department personnel responsible for the Request for Proposal process;
 - The names of the department personnel responsible for project management;
 - The number of change orders requested by the department;
 - The number of change orders requested by the contractor;
 - Whether the project is on time or delayed;
 - The project cost upon completion; and
 - An assessment of whether or not the project meets the needs contracted for by the department;
- b. Instruct all County Departments to provide all relevant information to the Chief Information Officer;
- c. Instruct the Chief Information Officer, the Interim Director of Internal Services and the Auditor-Controller, within the next 60 days, to assist all departments with the creation of a process to review and evaluate contractor information contained in the database prior to awarding information technology contracts; and
- d. Instruct the Chief Information Officer to report to the Board during the Annual Budget process with projected Countywide Departmental budget needs for information technology contracts.

The Board also discussed with Larry Russell, President of Unisys Corporation, the Automated Materials Management System's Contract with the Department of Health Services.

After discussion, Supervisor Burke made a suggestion that Supervisor Molina's motion be amended to select an independent arbitrator, designated by the Board and Unisys Corporation, to review the contract between the Department of Health Services and Unisys Corporation and evaluate the pending issues with the intent to resolve them. Supervisor Molina accepted Supervisor Burke's amendment.

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Syn. 24 (Continued)

Supervisor Molina's motion, as amended by Supervisor Burke, was unanimously carried.

On motion of Supervisor Knabe, seconded by Supervisor Molina, unanimously carried, the Director of Public Social Services' attached joint recommendations with the Chief Information Officer, were adopted as amended by the foregoing motions. In addition, the Chief Information Officer was instructed to take an active role with the Director of Public Social Services in managing the LEADER contract and report progress to the Board quarterly.

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Attachment

Copies distributed:
Each Supervisor